



FILED

10-06-14
04:59 PM

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding Policies,
Procedures and Rules for Development of
Distribution Resources Plans Pursuant to Public
Utilities Code Section 769.

Rulemaking 14-08-013
(Filed August 14, 2014)

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY COMMENTS ON
ORDER INSTITUTING RULEMAKING REGARDING POLICIES, PROCEDURES
AND RULES FOR DEVELOPMENT OF DISTRIBUTION RESOURCES PLANS
PURSUANT TO PUBLIC UTILITIES CODE SECTION 769

MATTHEW DWYER

Attorney for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-6521
Facsimile: (626) 302-6795
E-mail: matthew.dwyer@sce.com

Dated: **October 6, 2014**

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding Policies,
Procedures and Rules for Development of
Distribution Resources Plans Pursuant to Public
Utilities Code Section 769.

Rulemaking 14-08-013
(Filed August 14, 2012)

**SOUTHERN CALIFORNIA EDISON COMPANY’S (U 338-E) REPLY COMMENTS ON
ORDER INSTITUTING RULEMAKING REGARDING POLICIES, PROCEDURES
AND RULES FOR DEVELOPMENT OF DISTRIBUTION RESOURCES PLANS
PURSUANT TO PUBLIC UTILITIES CODE SECTION 769**

Pursuant to Ordering Paragraph 4 of the Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Plans Pursuant to Public Utilities Code Section 769 (“OIR”) and Administrative Law Judge Gamson’s September 19, 2014 Email Ruling, Southern California Edison Company (“SCE”) respectfully submits these reply comments on the OIR.

I. SCE RESPONSE TO ISSUES RAISED BY PARTIES

A. Scope of the Rulemaking Must Focus on DRP Requirements of Section 769

SCE supports the OIR’s preliminary scope and schedule.¹ Pursuant to Public Utilities Code Section 769 (“Section 769”), SCE’s Distribution Resources Plan (“DRP”) must be submitted to the California Public Utilities Commission (“Commission”) by July 1, 2015. SCE recommends that this proceeding remain focused on the DRP requirements of Section 769. This will assist the Commission with its goal to provide timely guidance on DRP procedures and

¹ OIR, R.14-08-013, at pp. 5-6, 10.

policies, in a manner that provides the IOUs² the time necessary to incorporate this guidance into their respective DRPs.

SCE believes that the central purpose of Section 769 is to facilitate integration of Distributed Energy Resources (“DER”) at “optimal locations” on the distribution system in a manner that attempts to minimize overall system costs and maximize ratepayer benefits from investments in DER, while at the same time maintaining system safety and reliability. The focus of the Commission’s guidance on the DRP must remain on establishing a framework for *determining “optimal location” benefits and costs on the distribution system in the distribution planning context*. Section 769 states that “each electrical corporation shall submit to the commission a distribution resources plan proposal to *identify optimal locations* for the deployment of distributed resources.”³ To accomplish this, each plan must “*evaluate locational benefits and costs* of distributed resources located on the distribution system” based upon “reductions or increases in local generation capacity needs, avoided or increased investments in distribution infrastructure, safety benefits, reliability benefits, and any other savings the distributed resources provides to the electric grid or costs to ratepayers.”⁴

Many of the parties’ opening comments reach far beyond this focus on identifying “optimal location” benefits and costs, and instead address a variety of disparate issues, including: resource adequacy valuation,⁵ interconnection processing times,⁶ competitive market issues,⁷

² The term “IOUs” includes SCE, Pacific Gas and Electric Company, and San Diego Gas & Electric Company.

³ Pub. Utils. Code Section 769(b) (emphasis added).

⁴ *Id.* (emphasis added).

⁵ See e.g., *Response of Wal-Mart Stores, Inc. and Sam’s West, Inc. to Order Instituting Rulemaking* (“Wal-Mart Comments”), filed Sept. 5, 2014, at p. 5; *Comments of SolarCity Corporation on the Order Instituting Rulemaking* (“SolarCity Comments”), filed Sept. 5, 2014, at p. 6.

⁶ See e.g., *Comments of NRG Energy, Inc.*, filed Sept. 5, 2014, at p. 4.

⁷ See e.g., *Comments of the Alliance for Retail Energy Markets on Order Instituting Rulemaking* (“AReM Comments”), filed Sept. 5, 2014, at p. 2.

procurement standards and processes for other Commission programs,⁸ demand response,⁹ and California's various clean energy and climate mandates such as electric vehicle targets, energy storage targets, and Long Term Procurement Plan requirements.¹⁰ These issues are not directly related to an "optimal location" cost and benefit valuation. Numerous other Commission proceedings are actively examining the broader issues identified by parties. Such proceedings include: Order Instituting Rulemaking ("R.")11-10-023 (Resource Adequacy), R.14-02-001 (reliability framework for procurement), R.11-09-011 (state jurisdictional interconnection requirements), R.14-07-002 (review of NEM tariffs and development of NEM successor tariffs), R.13-12-010 (Long Term Procurement Plan), R.11-05-005 (California's Renewables Portfolio Standard), R. 12-06-013 (Residential Rate Reform), R.13-11-005 (Energy Efficiency), and R.13-09-011 (Demand Response). To avoid conflicting Commission decisions that could be issued in these different proceedings and the DRP OIR, to conserve Commission resources, and to provide expedited guidance in time to be included in the IOUs' DRPs, SCE believes this proceeding must avoid incorporating these broad issues and remain focused upon determining "optimal locations," and their benefits and costs, on the distribution system in the distribution planning context.

While Section 769 states that the DRPs must "[p]ropose cost-effective methods of effectively coordinating existing commission-approved programs, incentives, and tariffs to maximize the locational benefits" and "[p]ropose or identify standard tariffs, contracts, or other mechanisms for the deployment of cost-effective distributed resources that satisfy distribution planning objectives," SCE believes such proposals should focus on implementing the "optimal

⁸ See e.g., *Joint Comments of the Bioenergy Association of California, the California Association of Sanitation Agencies and Waste Management on the Order Instituting Rulemaking on Distributed Resources Plans* ("BAC, CASA and WM Comments"), filed Sept. 5, 2014, at p. 3.

⁹ See e.g., *Vote Solar's Responses to Questions Posed in the Commission's Order Instituting Rulemaking* ("Vote Solar Comments"), filed Sept. 5, 2014, at p. 8.

¹⁰ See e.g., *Clean Coalition Responses to Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Plans* ("Clean Coalition Comments"), filed Sept. 5, 2014, at p. 3.

location” framework proposed in the DRP and eliminating barriers to implementation. SCE recognizes that to achieve success for all of California’s environmental and electric policy mandates and goals, the connection between the broader issues identified by parties—already within the scope of other active Commission proceedings—should not be ignored and care must be given to ensure consistency. SCE believes this can be best accomplished by maintaining a scope in this proceeding that is focused on developing a framework for determining “optimal locations” on the distribution system in the distribution planning context.

B. SCE Response to Party Comments Addressing “Optimal Location” Criteria

SCE outlined its position regarding the criteria for identifying “optimal locations” and evaluating location benefits and costs in its opening comments—specifically, its responses to Section 3.1 Question Nos. 1-8¹¹—and will not repeat those comments here. However, SCE has reviewed the responses of the other parties, and believes that several additional criteria are reasonable to incorporate in establishing “optimal locations.” Specifically, SCE responds to additional and/or alternative “optimal location” criteria proposed by other parties:

- Consideration of resource deliverability and effectiveness results from California Independent System Operator Corporation (“CAISO”) planning studies:¹² Since deliverability is needed for a resource to provide resource adequacy capacity, SCE agrees the results from the CAISO’s annual distributed generation deliverability procedure could be considered as part of its proposed “Local Capacity Requirements” criteria.¹³

¹¹ *Comments on Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Plans Pursuant to Public Utilities Code Section 769* (“SCE Comments”), filed Sept. 5, 2014, at pp. 4-11.

¹² *Comments of the California Independent System Operator Corporation on Distribution Resources Plans Pursuant to Rulemaking R.14-08-013* (“CAISO Comments”), filed Sept. 5, 2014, p. 1, 4.

¹³ SCE Comments, at p. 6.

- Consideration of DER’s ability to contribute towards locally balancing demand for power and preventing voltage violations:¹⁴ SCE agrees this could be considered as part of its proposed “Optimization Analysis.”¹⁵
- Consideration of areas with high resource potential¹⁶ or high load growth:¹⁷ If these criteria relate to evaluation of the optimization of load and IOU capital cost avoidance analysis, SCE believes these issues can be incorporated as part of its proposed “Optimization Analysis,” “DER Deployment Cost” analysis, “Dependability Analysis” and “IOU Capital Cost Avoidance Analysis.”¹⁸
- Consideration of areas with a need for ancillary services for power quality:¹⁹ While SCE believes such consideration could be included as part of its “Optimization Analysis,”²⁰ further review must be made on a system benefit determination, and capturing this value may be difficult.
- Consideration of a DER’s ability to make cost-effective progress towards state goals:²¹ Criteria weighing the impact on ways to implement other state policy goals, including state procurement goals, should not be included within the scope of criteria. Such evaluation would distract from the central purpose of this proceeding, and is better conducted within the specific Commission proceedings focused upon those procurement goals and other programs designed to achieve state policy objectives. The “optimal location” analysis should remain focused on

¹⁴ Clean Coalition Comments, at p. 6.

¹⁵ SCE Comments, at p. 6.

¹⁶ *Comments and Responses of Environmental Defense Fund to Questions Posed in the August 14, 2014 Order Instituting Rulemaking* (“EDF Comments”), filed Sept. 5, 2014, at p. 6.

¹⁷ *Comments of the Green Power Institute on the OIR* (“GPI Comments”), filed Sept. 5, 2014, at p. 4.

¹⁸ SCE Comments, at p. 6.

¹⁹ *Comments on the Order Instituting Rulemaking of the Interstate Renewable Energy Council, Inc.* (“IREC Comments”), filed Sept. 5, 2014, at p. 11.

²⁰ SCE Comments, at p. 6.

²¹ Clean Coalition Comments, at p. 3.

evaluating locational benefits and costs of distributed resources located on the distribution system in the distribution system planning context.

- Criteria should permit non-IOUs to understand “optimal location” analysis and conclusions:²² SCE supports development of a transparent set of criteria used to identify “optimal locations.”
- Criteria should incorporate avoided or marginal costs:²³ The focus on avoided or marginal costs is appropriate to ensure that directing resources to “optimal locations” minimizes ratepayer costs and maximizes ratepayer benefits. The criteria identified by SCE account for long-term costs that DER installation may contribute to avoiding. Based on changing avoided costs, SCE expects to continue to update “optimal locations” as part of its distribution planning process.

To further dialogue on this issue and assist the Commission staff with development of their staff proposal, SCE recommends that the Commission conduct its proposed workshop in November 2014.

C. SCE Response to Party Comments Addressing Level of Data Access

SCE supports the development of a transparent DRP that provides stakeholders and Commission data to facilitate incorporation of DER at “optimal locations” in a manner that attempts to minimize overall system costs and maximize ratepayer benefits from investments in DER. To further this development, SCE is exploring improvements for methods to present data and facilitate data review. In addition, SCE believes data from DERs must be collected and reviewed to further support DER interconnection and to allow for future DRP refinement.

However, the Commission must ensure the level of public access to such data is permitted consistent with applicable law, including North American Electric Reliability

²² See IREC Comments, at pp. 8-10.

²³ See e.g., SolarCity Comments, at pp. 7-8.

Corporation (NERC) Critical Infrastructure Protection (CIP) regulations, Critical Energy Infrastructure Information (CEII) regulations, customer confidentiality requirements and/or other confidentiality requirements.

D. SCE Response to Party Comments Addressing Evolution of Distribution Ownership

As discussed in SCE's opening comments,²⁴ SCE believes utilities have the sole responsibility and obligation to ensure the safe and reliable delivery of power at the local level, and that questions regarding ownership are beyond the scope of the DRP as outlined in Section 769 and can only distract from moving the DRP forward in the most constructive fashion.

II. CONCLUSION

SCE appreciates the opportunity to submit these reply comments and urges the Commission to focus the scope of this proceeding on the requirements of Section 769 in order to reach a decision in time to guide the IOUs' development of their respective DRPs.

Respectfully submitted,

MATTHEW DWYER

/s/ Matthew Dwyer

By: Matthew Dwyer

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-6521
Facsimile: (626) 302-6795
E-mail: matthew.dwyer@sce.com

October 6, 2014

²⁴ SCE Comments, at p. 16.